

Item No.	Classification: Open	Date: 6 October 2015	Meeting Name: Strategic Director of Children's and Adults' Services
Report title:		Gateway 2 - Contract Award Approval Scaffolding, roof and window repairs, asbestos survey and associated Works at Phoenix School	
Ward(s) or groups affected:		Borough and Bankside	
From:		Head of Regeneration – Capital Works and Development	

RECOMMENDATIONS

That the strategic director of children's and adults' services:

1. Approves the award of a contract to Galliford Try, subject to the financial implications for the council to the value disclosed in the closed report, for scaffolding, roof and window repairs, and associated works at Phoenix School, Marlborough Grove, ahead of proposed main contract works.
2. Acknowledges that the enabling works will commence in November 2016 for a period of 20 weeks.

BACKGROUND INFORMATION

1. On 16 July 2013 Cabinet approved a primary school investment programme to address the shortfall in primary school places for a number of schools and sites. It was envisaged that the works would be procured through the Improvement and Efficiency South East construction and management framework (IESE) and that the projects would be split into two packages.
2. On 22 July 2014 Cabinet approved that the Phoenix School expansion should be included in the primary school investment programme and should incorporate the disused Eveline Lowe Annex. The procurement strategy to appoint 2 contractors, one for Package A and one for Package B, using IESE. It was envisaged that the contractor for each Package would carry out preconstruction services, the works and, where necessary, enabling works and these services and works would be approved in a number of gateway 2 reports by the strategic director of children's and adults' services.
3. The Phoenix expansion development falls within Package A.
4. On 17 November 2014 the strategic director of children's and adults' services approved the appointment of Galliford Try to carry out the pre-construction services for Package A.
5. The development of Phoenix School includes the demolition of the existing temporary classrooms (now completed), refurbishment of the Edwardian building known as the Eveline Lowe annex and the construction of a new two form of

entry primary school comprising the erection of a two storey building, separate sports hall and external play spaces and MUGA. This new school building will permanently accommodate the upper school of the extended Phoenix Primary School. Planning permission for the Edwardian building development was granted in April 2015.

6. The Edwardian building refurbishment needs to be tackled as a first phase of works (Phase 1) so that it is ready and handed over for the school to occupy in September 2016 to accommodate the expansion which commenced in September 2015.
7. This report seeks approval to appoint Galliford Try plc for initial works in Phase 1 to secure a weathertight building envelope for the Edwardian building, including:
 - Erect scaffolding and temporary roof
 - Roofing works
 - Overhaul windows
 - asbestos removal
 - removal of chimney stack and associated repairs
8. A second tranche of works necessary to complete Phase 1, comprising internal remodelling, will be the subject to a separate gateway report.
9. The execution of the design and build contract for the main contract works for the new build element of Phoenix Primary School will also be subject to a further Gateway 2.

Procurement project plan (Key decisions)

10. The timetable of the procurement process is set out in table 1.

Table 1: Procurement milestones

Activity	Completed by/Complete by
Forward Plan for Gateway 2 decision	October 2015
Approval of Gateway 1: Procurement Strategy Report Appointment of Contractors for Primary Expansion Programme	22 Jul 2014
Approval of Gateway 2 (Pre-Construction Services): Contract Award Report	17 Nov 2014
CAB Review (special) Gateway 2	7 Oct 2015
Notification of forthcoming decision – Five clear working days	14 Oct 2015
Approval of Gateway 2: Contract Award Report	22 Oct 2015
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	23 – 30 Oct 2015
Contract award	2 Nov 2015
Add to Contract Register	2 Nov 2015

Activity	Completed by/Complete by
Contract start	9 Nov 2015
Contract completion date	March 2016

Legal implications

11. Pursuant to the Cabinet Report dated 22 July 2014 the decision maker for this report is the strategic director of children's and adults' services.

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

12. The outcome of this procurement will be for scaffolding, roof and window repairs and asbestos removal at Phoenix School to be completed in advance of the main construction works. This will enable the overall programme for completion of the project to be met. Any further issues arising can also be considered within the main works and the overall budget can be effectively managed.

Key/Non Key decisions

13. This is a key decision. A general exception notice has been submitted.

Policy Implications

14. This award supports the delivery of the expansion of Phoenix Primary School within the Eveline Lowe site, and is required to deliver the council's strategy for additional pupil places and is a key part of the Primary Investment Strategy.
15. The council is under a statutory duty to deliver these places and the expansion programme ensures the council's Fairer Future objective of guaranteeing a local primary place for every child.

Tender Process

16. Galliford Try plc was appointed by way of a mini-competition, in line with the procedure prescribed by the iESE framework arrangements.
17. The procurement for Stage 1, pre-construction services followed the standard IESE two-stage approach, in which the contractor has the following core responsibilities:

Stage 1 (pre-construction)

- Fully developing the design proposals from RIBA Work Stage E onwards
- Packaging and competitively tendering the works on an open book basis
- Submitting contractor's proposals and pricing document, including the proposed contract sum, for decision by the council (this report).

Stage 2 (construction) – subject to a separate gateway 2 approval (this report)

- Carrying out and completing the works in compliance with the contract documents
18. The Gateway 2 report for the award of the contractors for Stage 1 (pre-construction services) was approved in November 2014. This report details the evaluation method which was followed to award the most economically advantageous tender.
 19. Galliford Try plc has provided a detailed scope and cost breakdown for the early works. This has been considered by consultant project manager and quantity surveyor to ensure that the works are those that are required and that the price is representative of the works being carried out.
 20. The sub contract packages were competitively tendered by the main contractor.

Tender Evaluation

21. A number of benefits for procuring the works through Galliford Try plc have been identified by the Authority, including:
 - Cost certainty at an earlier stage of the process
 - A reduced programme for delivery
 - Single point of responsibility for delivery of the works.
 - An integrated range of supply chain sub-contractors (only one procurement required and reduced contract management and interface risks).
 - Site set up can be re-utilised where appropriate for the main works being undertaken by Galliford Try plc.
22. The Authority and its technical advisors have received the scope and costs provided for the scaffolding, roof, asbestos removal and windows repair, and consider that the procurement of the works through Galliford Try plc as a discrete contract offers best value in consideration of our wider obligations and constraints. The cost proposals show that the financial implications of the early associated works are within the value as disclosed in the closed version of this report, however the council will continue to interrogate the cost plan submitted, to identify any opportunities for the value of these works to decrease as a result of value for money queries being resolved.

Plans for the transition from the old to the new contract

23. Not applicable.

Plans for Monitoring and management of the Contract

24. The contract will be managed and monitored by officers in the Regeneration Capital Projects team.

25. The contract will be a fixed price, and payment for the demolitions and associated works will be via monthly valuation and payment.
26. Internal governance arrangements for the primary expansion programme comprise a programme board with onward reporting direct to the strategic director of children's and adults' services. The programme board will include representation from legal services (contracts division) and procurement team to assist and advise during the procurement process.

Identified risks for the new contract

No.	Risk	Risk Level	Mitigating Action
1	Delays in mobilising the scaffolding, roof and window repairs and asbestos removal at Phoenix School results in a delay to the overall programme for delivery of the Edwardian building and a lack of suitable accommodation for the additional pupils in September 2016.	Low	Works commence on time as a discrete contract, enabling timely delivery of the works within the overall programme.
2	Compensation events which may arise as a result of unknown site conditions	Low	Client held contingency to meet any council retained risks and any agreed variations to the scope of the contract.

Other considerations (For Housing Department works contracts only)

27. Not applicable.

Health & Safety

28. The council's Health & Safety policies are included in the contracts as a contractual obligation.

Community Impact Statement

29. Generally the provision of additional school places, which this contract will ultimately provide, will have a positive impact on communities with increased provision of places in areas where they are needed enhancing community cohesion. The proposals are consistent with promoting the safeguarding and well being of all local children and young people by providing sufficient school places to meet forecast need.

Economic considerations

30. Galliford Try plc will be expected to deliver direct benefits to the local community

and local residents. It is proposed that these benefits will be delivered through some or all of the following possible means:

- Supply chain and procurement with local businesses;
- Use of local labour and training initiatives, including a construction employment, skills and training scheme linked to the council's Building London Creating Futures programme, which aims to match local residents with construction vacancies especially where these are linked to key development sites and regeneration activities;
- A commitment to construction apprenticeships in proportion to the size and scale of the development; and
- Corporate social responsibility and sustainability.

Social considerations

31. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. Galliford Try Ltd has committed to meeting LLW requirements and this will be included as a contractual condition, which will result in quality improvements for the council. These will include a higher calibre of multi-skilled operatives that will contribute to the delivery of works on site and will provide best value for the council.
32. Pursuant to section 149 of the Equality Act 2010 the council has a duty to have due regard in its decision making processes to the need to:
 - (a) Eliminate discrimination, harassment, victimisation or other prohibited conduct.
 - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not.
 - (c) Foster good relations between those who share a relevant characteristic and those that do not share it.
33. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equalities Duty also applies to marriage and civil partnership, but only in relation to (a) above. This report sets out the considerations which have been given to the PSED General Duty, in particular at paragraph 28 of this report which the strategic director of children's and adults' services should consider when making this decision.

Environmental considerations

34. Not applicable.

Market considerations

35. Galliford Try plc has over 250 employees and a national area of activity.

Staffing implications

36. There will be no direct impact on staffing as a result of the award of this contract.

Financial implications

37. The total financial liability for this contract will be incurred in 2015/16. Liabilities from this procurement can be funded from the total project budget allocation for the Phoenix Primary School Project, as agreed by Cabinet.
38. The July 2013 Cabinet report identified an overall available budget for the programme. The council will continue to pursue maximum funding from other non-council sources.
39. The July 2013 cabinet report delegated the authority to the strategic director of children's and adults' services to allocate the budgets for individual school expansion programmes from within the existing available resources.
40. Value for money has been considered in the tender evaluation paragraphs 18 - 22. The programme and contract costs will continue to be challenged and monitored by the Regeneration Capital Projects team.
41. The schools will be responsible for any on going revenue implications as a result of the expansions.
42. The total estimated cost of contracts in this report can be met from existing identified resources.

Consultation

43. The proposals have been subject to the decision making arrangements of the council's planning process, including consultation with relevant statutory consultees.

Supplementary Advice from Other Officers:

Head of Procurement

44. The value of this contract is below the EU threshold, therefore a procurement concurrent is not required.

Strategic Director of Finance & Governance (CAP15/128)

45. This report is seeking approval from the strategic director of children's and adults' services to award the contract for enabling works of scaffolding, roof and window repairs, and associated works at Phoenix School, in preparation for the construction of Phoenix Primary School, to Galliford Try plc.
46. It is noted that the cost of the contract can be contained in the departmental capital budgets for Phoenix Primary School project allocated within the council's capital programme.

47. Officers should ensure that budgets for the contract are established and profiled on the Council's financial information system for effective monitoring and reporting.
48. It is also noted that the on going running costs of the expansion programme will be met from existing schools budgets.
49. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

Director of Legal Services

50. The value of this contract is below the EU threshold, therefore a legal concurrent is not required.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the Council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature *David*

Date 22.10.15

Designation *Strategic Director*

APPENDICES

Appendices
N/A

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Cabinet report of 16th July 2013 – Primary Investment Strategy	Capital Works, Regeneration, 160 Tooley Street, SE1 2QH	Rebecca McTier – 02 7525 4808
Cabinet Report of 22nd July 2014: Gateway 1 Procurement Strategy Approval Appointment of Contractors for Primary Expansion Programme	Capital Works, Regeneration, 160 Tooley Street, SE1 2QH	Rebecca McTier – 020 7525 4808
Cabinet Report of 17 th November 2014 : Gateway 2: Appointment of Contractors for Primary Expansion Programme for Pre-Construction Services	Capital Works, Regeneration, 160 Tooley Street, SE1 2QH	Rebecca McTier – 020 7525 4808

AUDIT TRAIL

Lead Officer	Bruce Glocking, Head of Regeneration – Capital Works and Development	
Report Author	Rebecca Marsh	
Version	1	
Dated	6 October 2015	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Legal Services	Yes	
Strategic Director of Finance & Corporate Services	Yes	
Head of Procurement	Yes	
Cabinet Member	No	
Contract Review Boards		
Departmental Contract Review Board	No	
Corporate Contract Review Board	No	
Cabinet	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team		N/A

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY,2

Contract Name	Scaffolding, roof and window repairs, asbestos survey and associated Works at Phoenix School
Contract Description	To award a contract to Galliford Try plc, for proposed roof and window repairs, asbestos survey and associated Works at Phoenix School
Contract Type	Single Supplier Negotiation
Lead Contract Officer (name)	Bruce Glockling
Lead Contract Officer (phone number)	0207 525 0138
Department	DCE
Division	Regeneration
Procurement Route	Single Supplier Negotiation
EU CPV Code (if appropriate)	
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed Price
Supplier(s) Name(s)	Galliford Try Ltd
Contract Total Value	
Contract Annual Value	
Contract Start Date	November 2015
Initial Term End Date	March 2016
No. of Remaining Contract extensions	n/a
Contract Review Date	n/a
Revised End Date	n/a
Comments	

